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USTR FOR JASON BUNTIN
USDOC FOR TYLER HOFFMAN

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [EINV](#) [PGOV](#) [SA](#)
SUBJECT: USC A/S HERNANDEZ EMPHASIZES IMPORTANCE OF IPR
ENFORCEMENT TO SAG COMMERCE OFFICIALS

REF: A. RIYADH 2193
[1](#)B. RIYADH 2149

[1](#)1. In a meeting on December 3, 2007, with Fawaz al-Alamy, Advisor to the Minister of Commerce & Industry, U.S. Department of Commerce A/S Israel Hernandez emphasized that enforcing intellectual property rights (IPR) is important because it encourages innovation, raises living standards and ensures product safety. Al-Alamy agreed, adding that enforcing IPR transparently is essential to enhancing Saudi Arabia's ability to attract foreign direct investment. Hernandez specifically identified legalizing the SAG's use of software as a significant action it should take to advance IPR enforcement in the Kingdom.

SAG Sees Progress but Persistent Lack of Capacity

[1](#)2. Mohammad al-Aiyash, Chairman of the IPR Committee and Director General of Internal Trade, explained the progress that the SAG has made in enforcing IPR and the improvements that remain necessary. He reported that prior to Saudi Arabia's accession to the World Trade Organization (WTO), there was little awareness in the Kingdom of the concept of violating IPR. Despite a strong cultural injunction against stealing, few recognized IPR violations as theft. Al-Aiyash believes that government actors are now conscious of the necessity of enforcing IPR, but that problems persist because of a lack of resources and capacity.

Request for Training

[1](#)3. Both al-Alamy and al-Aiyash accentuated the need and desire for more technical training of SAG officials by the USG. Al-Aiyash praised the US Patent and Trademark Office courses that SAG officials attend, but called for additional training opportunities in Arabic, especially for judges. Al-Alamy stressed the utility of SAG officials sitting down with their USG counterparts to analyze specific issues and find solutions.

PhRMA Issues

[1](#)4. Al-Aiyash raised the USTR-coordinated Exclusive Marketing Rights (EMR) proposal to provide patent protection for pharmaceutical products that lost protection when Saudi Arabia transitioned to a new patent law in 2004 (reftel A). He chairs the committee that is considering the EMR proposal, and shared with Hernandez that the Ministry of Health (MOH)

and King Abdulaziz City for Science & Technology are part of the committee. Al-Aiyash reported that the SAG will provide a response to the EMR proposal that is reasonable to both sides "hopefully very soon." Hernandez asked that no additional licenses to manufacture generic versions of affected pharmaceuticals be issued while this response is pending. Al-Aiyash said the SAG would take that request into account.

15. Al-Alamy shared that the Ministry of Commerce & Industry sent a letter to the MOH informing it that it should meet with pharmaceutical company representatives to discuss the proposed pricing scheme for pharmaceuticals in the Kingdom (reftel B). He believes that the MOH will hold such a meeting. Al-Alamy also clarified that, in deference to Saudi Arabia's WTO obligation for a 60 day comment period prior to implementing the new pricing scheme, changes will not be implemented prior to 76 days after the announcement of the scheme made to local pharmaceutical distributors on October 28, 2007.

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